

**MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK**

**SPECIAL SESSION  
June 9, 2004**

The Board of Supervisors of Maricopa County, Arizona convened in Special Session at 1:05 P.M., June 9, 2004, in the Supervisors' Conference Room, 301 W. Jefferson Phoenix, Arizona, with the following members present: Andrew Kunasek, Chairman, District 3; Fulton Brock, District 1, Don Stapley, District 2, Max W. Wilson, District 4, and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board, Shirley Million, Administrative Coordinator, David Smith, County Administrative Officer and Paul Golab, Deputy County Attorney. Votes of the Members will be recorded as follows: (aye-no-absent-abstain).

**RECESS TO EXECUTIVE SESSION**

Motion was made by Supervisor Wilcox, seconded by Supervisor Stapley, and unanimously carried that the Board recess into Executive Session, pursuant to A.R.S. 38-431.03 to consider the following items.

**LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION; CONTRACTS SUBJECT TO NEGOTIATION – ARS §38-431.03(A)(3) and (A)(4)**

**OA-MIHS HEALTH CLAIMS PROCESSING CONTRACT**

Chris Keller, Chief Counsel, Division of County Counsel  
Tom Manos, Maricopa County Chief Financial Officer/Transition Team Leader  
Sandi Wilson, Deputy County Administrator  
Ted Shaw, MIHS Interim CEO  
James Chisolm, Health Plans CFO

**LEGAL ADVICE; CONTRACTS SUBJECT TO NEGOTIATION – ARS §38-431.03(A)(3) and (A)(4)**

**MARICOPA COUNTY CONTRACT NO. C6004079 (MEDICARE + CHOICE)**

Chris Keller, Chief Counsel, Division of County Counsel  
Tom Manos, Maricopa County Chief Financial Officer/Transition Team Leader  
Sandi Wilson, Deputy County Administrator  
Ted Shaw, MIHS Interim CEO  
James Chisolm, Health Plans CFO  
Bill Sims, Esq., Outside Counsel  
Louis Gorman, Deputy County Attorney, Division of County Counsel  
Jack Hess, Consultant with FRG

**LEGAL ADVICE – ARS §38-431.03(A)(3)**

**TRANSITION MIHS TO SPECIAL HEALTH CARE DISTRICT: FEDERAL AND STATE APPROVAL AND COMPLIANCE WITH STATE LAW**

Chris Keller, Chief Counsel, Division of County Counsel  
Tom Manos, Maricopa County Chief Financial Officer/Transition Team Leader  
Sandi Wilson, Deputy County Administrator  
Ted Shaw, MIHS Interim CEO  
Bill Sims, Esq., Outside Counsel  
Louis Gorman, Deputy County Attorney, Division of County Counsel  
Steve Ellis, MIHS, Materials Management Director  
Jack Hess, Consultant, FRG

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**MEETING RECONVENED**

After discussion in executive session, the Chairman reconvened the meeting to consider the following matters.

**TRANSITION OF THE MIHS TO THE SPECIAL HEALTHCARE DISTRICT**

Chris Keller, County Counsel, explained that the attorneys were working on an IGA between the County and the new Special HealthCare District. He asked the Board to consider several of the provision that they were considering putting into the IGA and providing guidance. Supervisor Wilson asked if there was a difference between transferring real property as opposed to other assets. Chairman Kunasek explained that they could transfer assets or property to the District for one dollar and then settle on a final price based on the results of appraisals which is expected to be completed in September.

Supervisor Stapley explained that the Disproportionate Share payments (DSH) were designed to be reimbursed to the County dollar for dollar. Bill Sims explained the current flow of DSH payments from the federal government through the state to the County. He asked the Board what protections the County wants regarding the DSH payments. The Supervisors indicated that they wanted the attorneys to incorporate into the agreements all reasonable contractual remedies to ensure compliance with the statute including: 1) a lease agreement with lease payments being forgiven as long as the DSH "withhold" is reimbursed, and 2) purchase of service agreements with provisions that County payments would be withheld to the extent the County is not reimbursed.

In response to a question regarding bankruptcy, Mr. Keller explained that bankruptcy is not addressed in the statutes. He said that they would write those provisions into the IGA. Supervisor Wilson added that the creation of the District should be sized to make it a system that could sustain itself. Mr. Sims also indicated that in the case of default the remedy could be either the return of the system or the withholding of money to cover costs. He explained that he would be writing into the IGA the provision to receive the funds rather than the system.

There was discussion regarding bond issues and special assets such as Desert Vista, the Avondale Family Health Center (FHC) and the CHC Building. The attorneys recommended that the District make rent payments which would equal the bond payments. If repairs are needed, revenue could be found in the delivery system or via a loan. Additionally, the District could issue bonds by using the other assets as collateral.

In response to a question regarding the timing of the transfer, Mr. Sims responded that the new Board members would be elected in November 2004. They could have a meeting in December 2005, with an expected transfer of the system happening on January 15, 2005. Mr. Keller added that some contracts including the MedPro contract could be written with an extension through January or beyond so the new Board does not have to tackle this complex contract immediately.

Another question placed before the board was what role the newly elected District Board should have in approving and negotiating the documentation transferring MIHS to the District. The attorneys assured the Board that Jack Hess from FRG had been specifically tasked with reviewing all documents on behalf of the District. Mr. Hess added that the intent was to be right and fair. He has a firm advising him on issues and what would be in the best interest of the District. He told the Board that a series of public forums

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were scheduled to present information related to the new District to the candidates and the public. The topics will include the Special Health Care District law, the role of the directors, Disproportionate Share issues, and Medical Staff relations. He also hopes to have two or three short retreats with the new Board explaining their role and the issues they will face.

Mr. Sims asked what protections that County would want should the District not be successful. He asked about the disposition of assets. The members indicated that they would like to preserve all options. Mr. Sims added that the County could prevent the state from taking over the assets. The Board was reminded that the deed restriction would cause the Medical Center to revert to the State.

The next question was related to the timing of the transfer of the Health Plans. The answer will have to take into account certain issues involving AHCCCS and their permission to transfer. Mr. Sims advised that certain AHCCCS financial conditions including the posting of the performance bond must be met before the transfer could occur. Chairman Kunasek, Supervisor Stapley and Supervisor Wilcox all commented that the decision would need to be discussed with the new board and that the two boards could "mutually agree" on the timing. Ms. Wilcox added that additional work needed to be done on the Health Plans before they would be ready for the transfer. Chris Keller added that the contracts regarding the Plans will expire in 2006. There could be a window of time for these decisions, or the new District could put together their own proposal for the Plans. Mr. Shaw added that the transfer may be quite complex if various Plans are transferred at different times.

The Board agreed that there would be further discussion on the transfer of the Plans and the entire transition process at future meetings.

**MARICOPA COUNTY CONTRACT NO. C6004079 (MEDICARE + CHOICE)**

There was no discussion on this item at this time. It will be placed on a future agenda for discussion or action.

**MEETING ADJOURNED**

There being no further business to come before the Board, the meeting was adjourned.

ATTEST:

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Andrew Kunasek, Chairman of the Board

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Fran McCarroll, Clerk of the Board